

Introduced by Senator McClintock

February 12, 2004

An act to repeal Sections 1, 2, 3, and 4 of Chapter 697 of the Statutes of 2002, relating to transportation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1256, as introduced, McClintock. Safe, Reliable High-speed Passenger Train Bond Act for the 21st Century: repeal.

Existing law, Chapter 697 of the Statutes of 2002, provides for submission of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the voters for approval at the November 2, 2004, general election. Subject to voter approval, the act would provide for the issuance of \$9.95 billion of general obligation bonds, \$9 billion of which would be available in conjunction with any available federal funds for planning and construction of a high-speed train system pursuant to the business plan of the High-Speed Rail Authority, and \$950 million of which would be available for capital projects on other passenger rail lines to provide connectivity to the high-speed train system and for capacity enhancements and safety improvements to those lines. Existing law provides that bonds for the high-speed train system would not be issued earlier than January 1, 2006.

This bill would repeal all of the bond act provisions of Chapter 697 of the Statutes of 2002.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 1 of Chapter 697 of the Statutes of 2002 is repealed.

~~Section 1. (a) In light of the events of September 11, 2001, it is very clear that a high-speed passenger train network as described in the High-Speed Rail Authority's Business Plan is essential for the transportation needs of the growing population and economic activity of this state.~~

~~(b) The initial high-speed train network linking San Francisco and the Bay Area to Los Angeles will serve as the backbone of what will become an extensive 700-mile system that will link all of the state's major population centers, including Sacramento, the Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego, and address the needs of the state.~~

~~(c) The initial network from San Francisco and the Bay Area to Southern California could be in limited operation by 2008.~~

~~(d) The high-speed passenger train bond funds are intended to encourage the federal government and the private sector to make a significant contribution toward the construction of the high-speed train network.~~

~~(e) The initial segments shall be built in a manner that yields maximum benefit consistent with available revenues.~~

~~(f) After the initial investment from the state, operating revenues from the initial segments and funds from the federal government and the private sector will be used to pay for expansion of the system. It is the intent of the Legislature that the entire high-speed train system shall be constructed as quickly as possible in order to maximize ridership and the mobility of Californians.~~

~~(g) At a minimum, the entire 700-mile system described in the High-Speed Rail Authority's Business Plan should be constructed and in revenue service by 2020.~~

SEC. 2. Section 2 of Chapter 697 of Statutes of 2002 is repealed.

Sec. 2. Chapter 20 (commencing with Section 2704) is added to Division 3 of the Streets and Highways Code, to read:

~~CHAPTER 20. — SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN
BOND ACT FOR THE 21ST CENTURY~~

~~Article 1. — General Provisions~~

~~2704. — This chapter shall be known and may be cited as the
Safe, Reliable High-Speed Passenger Train Bond Act for the 21st
Century.~~

~~2704.01. — As used in this chapter, the following terms have the
following meanings:~~

~~(a) “Committee” means the High-Speed Passenger Train
Finance Committee created pursuant to Section 2704.12.~~

~~(b) “Authority” means the High-Speed Rail Authority created
pursuant to Section 185020 of the Public Utilities Code.~~

~~(c) “Fund” means the High-Speed Passenger Train Bond Fund
created pursuant to Section 2704.05.~~

~~(d) “High-speed train” means a passenger train capable of
sustained revenue operating speeds of at least 200 miles per hour
where conditions permit those speeds.~~

~~(e) “High-speed train system” means a system with
high-speed trains and includes, but is not limited to, the following
components: right-of-way, track, power system, rolling stock,
stations, and associated facilities.~~

~~Article 2. — High-Speed Passenger Train Financing Program~~

~~2704.04. — (a) It is the intent of the Legislature by enacting this
chapter and of the people of California by approving the bond
measure pursuant to this chapter to initiate the construction of a
high-speed train network consistent with the authority’s Final
Business Plan of June 2000.~~

~~(b) (1) Nine billion dollars (\$9,000,000,000) of the proceeds
of bonds authorized pursuant to this chapter, as well as federal
funds and other revenues made available to the authority, to the
extent consistent with federal and other fund source conditions,
shall be used for planning and eligible capital costs, as defined in
subdivision (c), for the segment of the high-speed train system
between San Francisco Transbay Terminal and Los Angeles Union
Station. Once construction of the San Francisco-Los Angeles
segment is fully funded, all remaining funds described in this~~

~~subdivision shall be used for planning and eligible capital costs, as defined in subdivision (c), for the following additional high-speed train segments without preference to order:~~

~~(A) Oakland-San Jose.~~

~~(B) Sacramento-Merced.~~

~~(C) Los Angeles-Inland Empire.~~

~~(D) Inland Empire-San Diego.~~

~~(E) Los Angeles-Irvine.~~

~~(2) Revenues generated by operations above and beyond operating and maintenance costs shall be used to fund construction of the high-speed train system.~~

~~(c) Capital costs eligible to be paid from proceeds of bonds authorized for high-speed train purposes pursuant to this chapter include all activities necessary for acquisition of right-of-way, construction of tracks, structures, power systems, and stations; purchase of rolling stock and related equipment, and other related capital facilities and equipment.~~

~~(d) Proceeds of bonds authorized pursuant to this chapter shall not be used for any operating or maintenance costs of trains or facilities.~~

~~(e) The State Auditor shall perform periodic audits of the authority's use of proceeds of bonds authorized pursuant to this chapter for consistency with the requirements of this chapter.~~

~~2704.05. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the High-Speed Passenger Train Bond Fund, which is hereby created.~~

~~2704.06. Nine billion dollars (\$9,000,000,000) of the money in the fund, upon appropriation by the Legislature, shall be available, without regard to fiscal years, for planning and construction of a high-speed train system in this state, consistent with the authority's Final Business Plan of June 2000, as subsequently modified pursuant to environmental studies conducted by the authority.~~

~~2704.07. The authority shall pursue and obtain other private and public funds, including, but not limited to, federal funds, funds from revenue bonds, and local funds, to augment the proceeds of this chapter.~~

~~2704.08. Proceeds of bonds authorized for high-speed train purposes pursuant to this chapter shall not be used for more than~~

~~one-half of the total cost of construction of track and station costs of each segment of the high-speed train system.~~

~~2704.09. The high-speed train system to be constructed pursuant to this chapter shall have the following characteristics:~~

~~(a) Electric trains that are capable of sustained maximum revenue operating speeds of no less than 200 miles per hour.~~

~~(b) Maximum express service travel times for each corridor that shall not exceed the following:~~

~~(1) San Francisco Los Angeles Union Station: two hours, 42 minutes.~~

~~(2) Oakland Los Angeles Union Station: two hours, 42 minutes.~~

~~(3) San Francisco San Jose: 31 minutes.~~

~~(4) San Jose Los Angeles: two hours, 14 minutes.~~

~~(5) San Diego Los Angeles: one hour.~~

~~(6) Inland Empire Los Angeles: 29 minutes.~~

~~(7) Sacramento Los Angeles: two hours, 22 minutes.~~

~~(8) Sacramento San Jose: one hour, 12 minutes.~~

~~(c) Achievable operating headway (time between successive trains) shall be five minutes or less.~~

~~(d) The total number of stations to be served by high-speed trains for all of the segments described in subdivision (b) of Section 2704.04 shall not exceed 24.~~

~~(e) Trains shall have the capability to transition intermediate stations, or to bypass those stations, at mainline operating speed.~~

~~(f) For each corridor described in subdivision (b), passengers shall have the capability of traveling from any station on that corridor to any other station on that corridor without being required to change trains.~~

~~(g) In order to reduce impacts on communities and the environment, the alignment for the high-speed train system shall follow existing transportation or utility corridors to the extent possible.~~

~~(h) Stations shall be located in areas with good access to local mass transit or other modes of transportation.~~

~~(i) The high-speed train system shall be planned and constructed in a manner that minimizes urban sprawl and impacts on the natural environment.~~

~~(j) Preserving wildlife corridors and mitigating impacts to wildlife movement where feasible in order to limit the extent to~~

1 which the system may present an additional barrier to wildlife's
2 natural movement.

3 ~~2704.095. (a) (1) Of the proceeds of bonds authorized~~
4 ~~pursuant to this chapter, nine hundred fifty million dollars~~
5 ~~(\$950,000,000) shall be allocated to eligible recipients for capital~~
6 ~~improvements to intercity and commuter rail lines and urban rail~~
7 ~~systems to provide connectivity to the high-speed train system as~~
8 ~~that system is described in subdivision (b) of Section 2704.04 and~~
9 ~~to provide capacity enhancements and safety improvements.~~
10 ~~Funds under this section shall be available upon appropriation by~~
11 ~~the Legislature in the Annual Budget act for the eligible purposes~~
12 ~~described in subdivision (d).~~

13 ~~(2) Twenty percent (one hundred ninety million dollars~~
14 ~~(\$190,000,000)) of the amount authorized by this section shall be~~
15 ~~allocated for intercity rail to the Department of Transportation, for~~
16 ~~state-supported intercity rail lines that provide regularly scheduled~~
17 ~~service and use public funds to operate and maintain rail facilities,~~
18 ~~rights-of-way, and equipment. A minimum of 25 percent of the~~
19 ~~amount available under this paragraph (forty-seven million five~~
20 ~~hundred thousand dollars (\$47,500,000)) shall be allocated to each~~
21 ~~of the state's three intercity rail corridors.~~

22 ~~The California Transportation Commission shall allocate the~~
23 ~~available funds to eligible recipients consistent with this section~~
24 ~~and shall develop guidelines to implement the requirements of this~~
25 ~~section. The guidelines shall include provisions for the~~
26 ~~administration of funds, including, but not limited to, the authority~~
27 ~~of the intercity corridor operators to loan these funds by mutual~~
28 ~~agreement between intercity rail corridors.~~

29 ~~(3) Eighty percent (seven hundred sixty million dollars~~
30 ~~(\$760,000,000)) of the amount authorized by this section shall be~~
31 ~~allocated to eligible recipients, except intercity rail, as described~~
32 ~~in subdivision (c) based upon a percentage amount calculated to~~
33 ~~incorporate all of the following:~~

34 ~~(A) One-third of the eligible recipient's percentage share of~~
35 ~~statewide track miles.~~

36 ~~(B) One-third of the eligible recipient's percentage share of~~
37 ~~statewide annual vehicle miles.~~

38 ~~(C) One-third of the eligible recipient's percentage share of~~
39 ~~statewide annual passenger trips.~~

~~The California Transportation Commission shall allocate the available funds to eligible recipients consistent with this section and shall develop guidelines to implement the requirements of this section.~~

~~(b) For the purposes of this section, the following terms have the following meanings:~~

~~(1) “Track miles” means the miles of track used by a public agency or joint powers authority for regular passenger rail service.~~

~~(2) “Vehicle miles” means the total miles traveled, commencing with pullout from the maintenance depot, by all locomotives and cars operated in a train consist for passenger rail service by a public agency or joint powers authority.~~

~~(3) “Passenger trips” means the annual unlinked passenger boardings reported by a public agency or joint powers authority for regular passenger rail service.~~

~~(4) “Statewide” when used to modify the terms in paragraphs (A), (B), and (C) of paragraph (3) of subdivision (a) means the combined total of those amounts for all eligible recipients.~~

~~(c) Eligible recipients for funding under paragraph (3) of subdivision (a) shall be public agencies and joint powers authorities that operate regularly scheduled passenger rail service in the following categories:~~

~~(1) Commuter rail.~~

~~(2) Light rail.~~

~~(3) Heavy rail.~~

~~(4) Cable car.~~

~~(d) Funds allocated pursuant to this section shall be used for connectivity with the high speed train system or for the rehabilitation or modernization of, or safety improvements to, tracks utilized for public passenger rail service, signals, structures, facilities, and rolling stock.~~

~~(e) Eligible recipients may use the funds for any eligible rail element set forth in subdivision (d).~~

~~(f) In order to be eligible for funding under this section, an eligible recipient under paragraph (3) of subdivision (a) shall provide matching funds in an amount not less than the total amount allocated to the recipient under this section.~~

~~(g) An eligible recipient of funding under paragraph (3) of subdivision (a) shall certify that it has met its matching funds requirement, and all other requirements of this section, by~~

~~resolution of its governing board, subject to verification by the California Transportation Commission.~~

~~(h) Funds made available to an eligible recipient under paragraph (3) of subdivision (a) shall supplement existing local, state, or federal revenues being used for maintenance or rehabilitation of the passenger rail system. Eligible recipients of funding under paragraph (3) of subdivision (a) shall maintain their existing commitment of local, state, or federal funds for these purposes in order to remain eligible for allocation and expenditure of the additional funding made available by this section.~~

~~(i) In order to receive any allocation under this section, an eligible recipient under paragraph (3) of subdivision (a) shall annually expend from existing local, state, or federal revenues being used for the maintenance or rehabilitation of the passenger rail system in an amount not less than the annual average of its expenditures from local revenues for those purposes during the 1998-99, 1999-2000, and 2000-01 fiscal years.~~

~~(j) Funds allocated pursuant to this section to the Southern California Regional Rail Authority for eligible projects within its service area shall be apportioned each fiscal year in accordance with memorandums of understanding to be executed between the Southern California Regional Rail Authority and its member agencies. The memorandum or memorandums of understanding shall take into account the passenger service needs of the Southern California Regional Rail Authority and of the member agencies, revenue attributable to member agencies, and separate contributions to the Southern California Regional Rail Authority from the member agencies.~~

Article 3.— Fiscal Provisions

~~2704.10.— Bonds in the total amount of nine billion nine hundred fifty million dollars (\$9,950,000,000), exclusive of refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California~~

1 is hereby pledged for the punctual payment of both principal of,
2 and interest on, the bonds as the principal and interest become due
3 and payable.

4 2704.11. (a) Except as provided in subdivision (b), the bonds
5 authorized by this chapter shall be prepared, executed, issued,
6 sold, paid, and redeemed as provided in the State General
7 Obligation Bond Law, Chapter 4 (commencing with Section
8 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
9 and all of the provisions of that law apply to the bonds and to this
10 chapter and are hereby incorporated in this chapter as though set
11 forth in full in this chapter.

12 (b) Notwithstanding any provision of the State General
13 Obligation Bond Law, each issue of bonds authorized by the
14 committee shall have a final maturity of not more than 30 years.

15 2704.12. (a) Solely for the purpose of authorizing the
16 issuance and sale, pursuant to the State General Obligation Bond
17 Law, of the bonds authorized by this chapter, the High-Speed
18 Passenger Train Finance Committee is hereby created. For
19 purposes of this chapter, the High-Speed Passenger Train Finance
20 Committee is “the committee” as that term is used in the State
21 General Obligation Bond Law. The committee consists of the
22 Treasurer, the Director of Finance, the Controller, the Secretary of
23 the Business, Transportation and Housing Agency, and the
24 chairperson of the authority, or their designated representatives.
25 The Treasurer shall serve as chairperson of the committee. A
26 majority of the committee may act for the committee.

27 (b) For purposes of the State General Obligation Bond Law, the
28 authority is designated the “board.”

29 2704.13. The committee shall determine whether or not it is
30 necessary or desirable to issue bonds authorized pursuant to this
31 chapter in order to carry out the actions specified in Sections
32 2704.06 and 2704.095 and, if so, the amount of bonds to be issued
33 and sold. Successive issues of bonds may be issued and sold to
34 carry out those actions progressively, and it is not necessary that
35 all of the bonds authorized be issued and sold at any one time.
36 However, bonds for the high-speed train system may not be issued
37 and sold prior to January 1, 2006. The committee shall consider
38 program funding needs, revenue projections, financial market
39 conditions, and other necessary factors in determining the shortest
40 feasible term for the bonds to be issued.

~~2704.14.— There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.~~

~~2704.15.— Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount equal to that sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.~~

~~2704.16.— The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount borrowed pursuant to Section 2701.17. The committee may adopt a resolution for such purposes prior to January 1, 2006. The board shall execute such documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.~~

~~2704.17.— For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter, less any amount borrowed pursuant to Section 2704.16. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this chapter.~~

~~2704.18.— All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.~~

~~2704.19. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of bonds shall include approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.~~

~~2704.20. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.~~

~~2704.21. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this chapter that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.~~

~~SEC. 3. Section 3 of Chapter 697 of the Statutes of 2002 is repealed.~~

~~Sec. 3. Section 2 of this act shall take effect upon the adoption by the voters of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, as set forth in Section 2 of this act.~~

~~SEC. 4. Section 4 of Chapter 697 of the Statutes of 2002 is repealed.~~

~~Sec. 4. (a) Section 2 of this act shall be submitted to the voters at the November 2, 2004, general election in accordance with provisions of the Government Code and the Elections Code governing the submission of statewide measures to the voters.~~

~~(b) Notwithstanding any other provision of law, all ballots of the November 2, 2004, general election shall have printed thereon and in a square thereof, exclusively, the words “Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century” and in the same square under those words, the following in 8-point type: “This act provides for the Safe, Reliable High-Speed~~

~~1 Passenger Train Bond Act for the 21st Century. For the purpose of
2 reducing traffic on the state's highways and roadways, upgrading
3 commuter transportation, improving people's ability to get safely
4 from city to city, alleviating congestion at airports, reducing air
5 pollution, and providing for California's growing population,
6 shall the state build a high-speed train system and improve existing
7 passenger rail lines serving the state's major population centers by
8 creating a rail trust fund that will issue bonds totaling \$9.95 billion,
9 paid from existing state funds at an average cost of _____ dollars
10 (\$_____) per year over the 30-year life of the bonds, with all
11 expenditures subject to an independent audit?" The blank space in
12 the question to appear on the ballot pursuant to this subdivision
13 shall be filled in by the Attorney General with the appropriate
14 figure provided by the Legislative Analyst relative to the annual
15 average cost of the bonds. Opposite the square, there shall be left
16 spaces in which the voters may place a cross in the manner required
17 by law to indicate whether they vote for or against the measure.~~

~~18 (e) Notwithstanding Sections 13247 and 13281 of the Elections
19 Code, the language in subdivision (b) shall be the only language
20 included in the ballot label for the condensed statement of the
21 ballot title, and the Attorney General shall not supplement,
22 subtract from, or revise that language, except that the Attorney
23 General may include the financial impact summary prepared
24 pursuant to Section 9087 of the Elections Code and Section 88003
25 of the Government Code. The ballot label is the condensed
26 statement of the ballot title and the financial impact summary.~~

~~27 (d) Where the voting in the election is done by means of voting
28 machines used pursuant to law in the manner that carries out the
29 intent of this section, the use of the voting machines and the
30 expression of the voters' choice by means thereof are in
31 compliance with this section.~~

~~32 SEC. 5. This act is an urgency statute necessary for the
33 immediate preservation of the public peace, health, or safety
34 within the meaning of Article IV of the Constitution and shall go
35 into immediate effect. The facts constituting the necessity are:~~

~~36 In order to remove a general obligation bond measure
37 authorizing the issuance and sale of bonds for the financing of a
38 high-speed passenger train system from the November 2, 2004,~~

1 general election ballot, it is necessary that this act take effect
2 immediately.

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